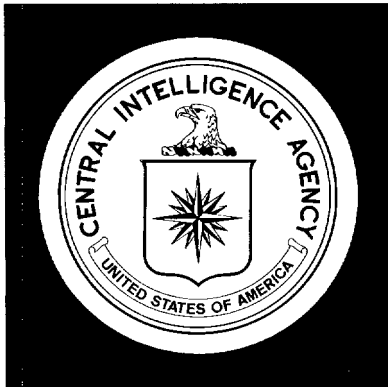


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DIRECTORATE OF  
INTELLIGENCE

# *Central Intelligence Bulletin*

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State Department review completed

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VIETNAM: The Communists have developed some additional propaganda formulations to cope with the impasse in the peace talks.

On 18 December, an authoritative Hanoi article denounced President Thieu's proposals of 12 December for an expandable holiday cease-fire and the joint release of prisoners of war. According to the article, Thieu attacked all the "basic principles" of the draft peace accord of 20 October when he called for withdrawal of North Vietnamese forces from South Vietnam and for the creation of a "permanent political" boundary at the DMZ instead of the provisional demarcation line that now exists. The lengthy discourse attempted to demonstrate that Thieu's proposals, both new and old, did not originate with him, but were only made at the instigation of the US as part of an American "plot" to alter the basic content of the "approved" peace agreement.

The article's insistence that Thieu is a US "puppet" is designed in part to pin the blame for the impasse on Washington rather than Saigon. In addition, Hanoi probably is trying to head off any gain in Thieu's stature among the South Vietnamese as a result of his independent stance on the negotiations. The theme that Thieu is a powerless US puppet exploiting his country for American interests has been a constant part of Hanoi's political line in South Vietnam. Hanoi doubtless hopes thereby to fuel pressures for Thieu's removal following a cease-fire. It is likely that the Vietnamese Communist effort to portray Thieu's proposals as a manipulation by Washington will be intensified in the weeks to come.

The Hanoi article was accompanied by an editorial from the Viet Cong's Liberation News Agency on 18 December that attempted to provide additional propaganda justification for Hanoi's refusal to agree explicitly to the withdrawal of North Vietnamese troops from the South. In the course of

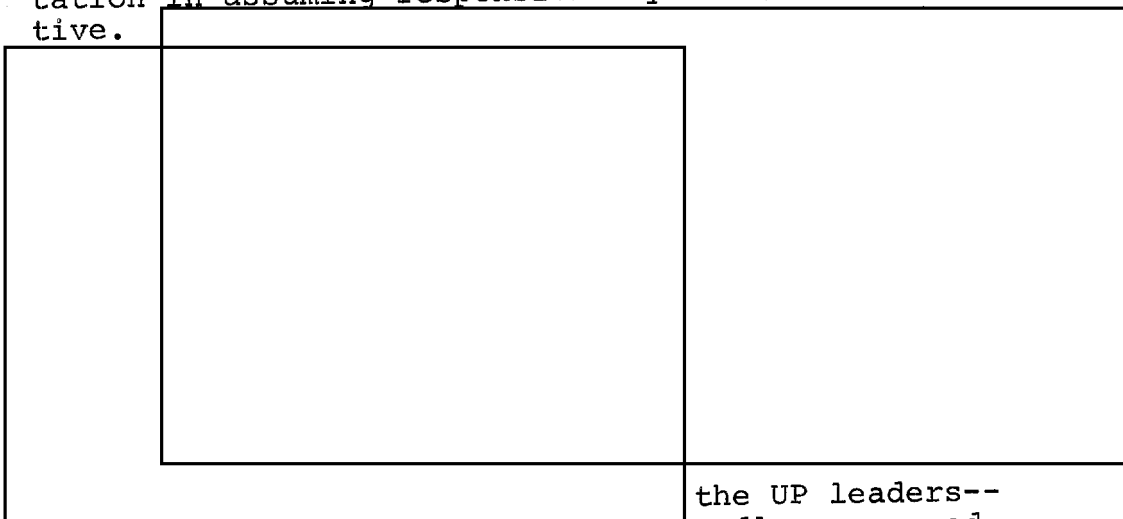
denouncing alleged US and South Vietnamese efforts at "trampling on the just and fair content" of the draft cease-fire agreement, the editorial claimed that the bulk of the North Vietnamese in the South were "fighters and sons" of the Vietnamese who had regrouped to the North under the 1954 Geneva Agreements. This is the first known instance in which the Vietnamese Communists have admitted obliquely that troops from the North are in the South by asserting that they are really southerners fighting in their "own homeland." This line may also become a more prominent theme in the Communist propaganda output in the future.

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CHILE: General Prats' assumption of an active political role is causing consternation among opposition and government politicians alike.

Prats had been interior minister only a little over three weeks when President Allende left on 30 November for a two-week trip, but showed no hesitation in assuming responsibility as chief executive.



the UP leaders-- particularly the Communists--reportedly expressed consternation over the implications of the general's aggressive behavior in the usually pro forma role of vice-president. They fear that he intends to identify the armed forces increasingly with the administration in order to enlarge the military role in directing the country.

On the other hand, Prats has taken actions that opposition parties criticize as partial toward the UP. On 15 December, Christian Democratic Party President Fuentealba accused Prats of a whole litany of misdeeds. The conservative National Party started criticizing Prats' conduct as pro-UP even earlier, probably stimulated by his reported belief that Chilean industrialists are feeding leftist extremism by their unrealistic insistence on retaining all their old privileges.

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Prats himself takes the position that his obligations are only to the president and to the army. He apparently believes that only by expanding military influence in the government can he restore political calm for the March elections. It is increasingly apparent, however, that he relishes his new role and may harbor ambitions to become president himself. There is as yet no indication that President Allende disapproves of his activism, particularly since Prats' attitude shores up presidential authority over UP politicians who often fail to defer to him.

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MALTA: Prime Minister Mintoff has threatened to take his disagreement with the British to the UN Security Council.

In response to his demand that Britain and the allies make up Maltese losses caused by the floating of the pound, Mintoff received a letter from British Prime Minister Heath on 18 December indicating that London expects all parties to the base agreement signed last March to observe the agreement in letter and in spirit. Mintoff's immediate reaction, conveyed to the UK High Commissioner, was to accuse London of bad faith and of cheating Malta of five million pounds. Before dismissing the British envoy, Mintoff said "If you want to fight, we know how to fight too; don't think you can stay on here for 14 million pounds."

Mintoff subsequently informed the US, West German, and Italian ambassadors that he interpreted Heath's message as a threat to use force to maintain the British military presence on Malta after his deadline expires on 31 December and that the allies would support London in this move. British forces on the island are making no obvious preparations for departure--a fact that the Maltese appear to view as a military threat. Mintoff also demanded that the allies submit written notes dissociating themselves from Heath's position "within 24 hours" or he would instruct his ambassador to the UN to raise the matter with the Security Council. Rome and Washington have already turned down this demand. In order to place this matter before the Council, the Maltese ambassador to the UN would first have to secure nine of the 15 Council votes.

During his discussions with the ambassadors, Mintoff talked about other sources of revenue and other "allies." He said that he had "lost the friendship of the Soviet Union" and did not intend to lose any more friends, but that he would do what

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was necessary to protect Malta. Mintoff may be referring to the inability of the USSR and Malta to agree on whether the Soviets should receive permission to establish an embassy in Valletta before they promise to extend economic assistance. The Soviet ambassador in London, who is also accredited to Malta, visited Valletta earlier this month but was unable to resolve this issue.

Mintoff did not raise the deadline of 31 December and he has not yet ordered the UK troops to leave the island. He told the US ambassador, however, that when the deadline expires, the British would have only 24 hours to leave. The British estimate that the withdrawal would take at least 60 days after the plans are drawn up.



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INDONESIA: Severe and apparently unexpected rice shortages are producing political fallout in Jakarta.

Food prices have skyrocketed and bureaucratic failures and malfeasance in the government's rice distribution system have been spotlighted in ensuing publicity. Indonesian students, quiescent for many months, have staged protests in the past few weeks in several major cities. Opposition members of parliament, scenting a chance to embarrass the military leadership, have called for an open investigation of alleged corruption in the rice agency. Jakarta's newspapers are keeping the issue alive by giving wide coverage to various anti-government charges. A complicating but not yet publicized aspect of the problem is Mrs. Suharto's influence peddling on behalf of certain rice contractors.

The food distribution problems are likely to persist at least into next spring. President Suharto has attempted to defuse the issue by publicly accepting pro forma responsibility for the emergency. Some regional leaders and protestors, however, are suggesting that the root cause of the problem is economic manipulation by the nation's Chinese minority--who by and large control wholesale rice transactions. Widespread acceptance of this allegation could lead to serious anti-Chinese demonstrations, especially if the government decides that the easiest solution to its predicament is to allow the Chinese to become the scapegoat.

Although the rice problem may be politically embarrassing for Suharto, it is unlikely to create any immediate serious problems for his regime. A longer range concern for the President, however, is the possibility that rivals within the army will try to use the situation to enhance their own political power at his expense.

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## FOREIGN ATTENDEES

### Eastern Europe

Hungary - Kadar	East Germany - Honecker
Romania - Ceausescu	Poland -
Yugoslavia - Vice President Dugonjic	Czechoslovakia -
	Bulgaria -

### Western Europe

San Marino *	Denmark *	Sweden *
Italy *	UK *	Spain *
Austria *	Ireland *	Portugal *
Luxembourg *	Belgium *	Greece *
FRG *		

Norway - trade union delegation  
Finland - President Kekkonen

### Asia

Burma - Information Minister Brig. Thaung Dan  
India - Vice President Pathak  
Sri Lanka - Shipping and Tourism Minister Kalugalle  
North Vietnam - Politburo No. 2 member Truong Chinh  
Australia - Socialist Party leader Clancy  
Bangladesh - Industries Minister Mustafa  
Mongolia - Premier Tsedenbal  
North Korea - Choe Yong-kon, titular head of state  
Australia\* Sri Lanka\* Laos\* Bangladesh\*  
South Vietnam\*

### Latin America and US

Chile - Minister Hernan del Canto		
Cuba - Premier Fidel Castro		
Uruguay *	Guyana *	Puerto Rico *
El Salvador *	Honduras *	USA *
Argentina *	Brazil *	Costa Rica *
Venezuela *		

### Middle East and Africa

South Yemen - Premier Ali Hasani		
Egypt - Deputy Premier Marzaban		
Iraq - Public Health Minister Mustafa		
Mauritania - Foreign Minister Mouknass		
Syria * (& Baathist)	Somalia *	Turkey **
South Africa *	Lebanon *	Afghanistan **
Iran **	Iraq *	Algeria **
Israel *		

*\*Communist Party delegation*  
*\*\*Unspecified government representation*  
*Leaders cited are heads of delegations.*



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USSR: Foreign government and Communist party leaders are flocking to Moscow for the celebration of the 50th anniversary of the USSR later this week.

The level of representation at the ceremonies, scheduled to reach their high-point on 21 and 22 December, varies considerably. Moscow's East European allies will be represented by party chiefs, and a summit meeting will probably be held during their stay. Cuba will be represented by Fidel Castro, and high party figures from North Vietnam and North Korea will be present. Those non-Communist nations of the Middle East and Asia that were invited generally responded by designating middle-level government officials as their representatives. Few governments in Western Europe and Latin America were invited, although a number of Communist party leaders from those countries will be present.

The presence of such a heterogeneous group of foreigners will offer limited opportunity for serious substantive discussions. Some of the key figures, however, may be able to review their particular problems with Soviet leaders. The Soviet and East European leaders may use the visit to discuss the CSCE preparatory talks and to consider a position on force reductions in Europe.

A joint session of the Soviet party Central Committee and the USSR and RSFSR Supreme Soviets is expected on 21 December. No major business is likely to be transacted, but Brezhnev reportedly will make a major speech, which the foreign guests will probably be invited to attend. The following day apparently is being set aside as the formal anniversary and will likely be marked by a major parade.

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NOTE

PERU-CUBA: Members of a high-level Peruvian military delegation, which included prime minister - designate Mercado, have returned from two weeks in Cuba full of praise for their hosts. The 30 officers from all services were particularly impressed by the Cubans' favorable attitude toward Peru and the quality of Soviet armaments in the Cuban inventory. This lengthy visit could presage closer relations between the two countries, and the Cubans may hope that Mercado, on whom they lavished their attentions, will be the instrument to effect this change. More immediately, the impression made by modern Soviet weapons being operated by other Latin Americans could influence Peruvians to opt for purchasing Soviet arms--especially at a time when the seizure of a US-owned tuna boat threatens to end prospects for a resumption of US military sales to Peru.

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